

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Labour Employment Training & Factories Department – Insurance Medical Services  
– Purchase of Drugs & Medicines and Medical Equipment in Insurance Medical  
Services Department – Certain guidelines – Issued.

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LABOUR EMPLOYMENT TRAINING & FACTORIES (IMS) DEPARTMENT

**G.O.Ms.No. 51**

**Dated.09-04-2012**

Read the following:-

- 1) Lr.No.V-13/12/03/2001-Med.I.Ceiling dated.01-01-2009 of ESI Corporation,  
New Delhi.
- 2) From the Dir, IMS, Hyderabad., Lr.Rc.No.2215/CDS/2010,dt.29-01-11
- 3) Govt.Lr.No.2156/IMS-2/2011, dated.17-03-2011 along with Minutes of the  
meeting held on 07-03-11.
- 4) From the Dir, IMS, Hyderabad., Lr.Rc.No.2215/CDS/2010, dt.30-03-2011.
- 5) From the Director of Insurance Medical Services, A.P., Hyderabad, Lr.Rc.No.  
2215/CDS/2010, dt.06-08-2011.

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**ORDER:**

In the references 2<sup>nd</sup> to 5<sup>th</sup> read above, the Director, Insurance Medical Services, AP, Hyderabad has stated that the Accountant General, AP, Hyderabad in their audit objections pointed out that “Action needs to be initiated to address the issue to Government to design a comprehensive drug policy either to allocate budget to Joint Directors / Medical Superintendents / Civil Surgeon Specialist and Incharge Employment State Insurance Diagnostic Centres to make them liable in entity of procurement and distribution of medicines or the medicine procurements be centralized at Director of Insurance Medical Services, A.P., Hyderabad duly calling for open tenders consequent to obtaining requirement from Joint Directors / Medical Superintendents / Civil Surgeon Specialist and I/c Employment State Insurance Diagnostic centers concerned.

2. At present, purchase of Equipment, Drugs and Dressings under the Employment State Insurance Scheme in Insurance Medical Services Department, the Joint Directors were purchasing the Equipment, Drugs and Dressings for Dispensaries in the State. This has been prone to possible leakages and the same was pointed by the Accountant General, AP, Hyderabad in their Audit Report.

3. In the reference 1<sup>st</sup> read above, the Employment State Insurance Corporation, New Delhi have issued orders delegating the powers to purchase of Equipments, Drugs and Dressings under the Employment State Insurance Scheme. In the said orders, the ESI Corporation have delegated the powers to the Director of Insurance Medical Services, Medical Superintendents of Employment State Insurance Hospitals and IMO Incharges of Employment State Insurance Dispensaries to purchase equipment, Drugs and Dressings under the Employment State Insurance Scheme. The Employment State Insurance Corporation have not delegated any powers to the Joint Directors of Insurance Medical Services to purchase of Equipment, Drugs and Dressings under the Employment State Insurance Scheme. Whereas they were found indulging in huge purchases and the Director of Insurance Medical Services, A.P., Hyderabad was mechanically scrutinizing such bills without getting a comprehensive policy for equipment & drugs purchase from the Government as required and recommending for payment to the Corporation. This is irregular and any orders issued contrary to the Employment State Insurance Corporation Manual by the Director of Insurance Medical Services / Government are hereby withdrawn forth-with to ensure against alleged large scale purchases and fraudulent payments came to light in the recent past leading to filing of criminal cases adversely affecting the image of the department.

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4. Added to this, the Joint Directors, Medical Superintendents of Employment State Insurance Hospitals in Insurance Medical Services Department are also reportedly indulging in procurement of Non- Rate Contract Drugs and Medicines more than Rate Contract items, some times by resorting to local procurement. This is highly objectionable. The Accountant General, AP, Hyderabad in their audit report specifically have observed that the Director of Insurance Medical Services is not following the guidelines issued by the Employment State Insurance Corporation, New Delhi, for purchase procedure in Insurance Medical Service Department.

5. In view of the above audit objections, a meeting was convened with Regional Director, State Medical Commissioner, Employees' State Insurance Corporation, Director of Insurance Medical Services, A.P., Hyderabad and Medical Superintendent, Employment State Insurance Hospital, Sanathnagar. During the meeting, the issue of Purchase of equipment & drugs in respect of Non-Rate Contract items was discussed and with regard the Central Purchase System. The members have opined as follows:

“All the members have opined that the Non- Rate Contract items should be purchased in the open tender system, if it so required. They have opined that the Director of Insurance Medical Services should obtain indents of Drugs and Medicines from Dispensaries and Hospitals well in advance. The purchasing system shall be centralized at Director of Insurance Medical Services, A.P., Hyderabad Office by calling Open Tenders and the Purchase Committee shall approve the tenders with a condition that the supplier shall supply the Drugs and Medicines to the respective Hospitals and Dispensaries at unit level situated in Andhra Pradesh.

6. Government after careful examination, and in tune with the guidelines issued by the Employee State Insurance Corporation, New Delhi, hereby lay down a comprehensive policy guidelines for equipment & drugs / dressing material purchase procedure in Insurance Medical Service Department as under:-

- a) Director of Insurance Medical Services shall obtain indents from the in-charge Medical Officers of the Dispensaries routed through Joint Directors concerned and Medical Superintendents in the State and place orders with the approved Agencies well in advance under rate contract system as per the guidelines / approvals communicated by the Employees' State Insurance Corporation, New Delhi from time to time ;
- b) Purchasing system shall be centralized at the Director of Insurance Medical Services level with a condition that the supplying agencies shall deliver the equipment and Drugs at unit level as indented (unit wise) to the dispensaries and hospitals directly as per Rate Contract terms and conditions stipulated by the Corporation to avoid the possible leakages in procuring the required items through supply chain ;
- c) Payment of bills against the supplies be ensured by the Director of Insurance Medical Services duly following the purchase procedures laid down by the Corporation for the purpose and the financial code ;

7. With regard to purchase procedures for items under non- Rate Contract category, **if it so required**, shall be procured under Open Tender System (competitive bidding process) by the Director of Insurance Medical Services adopting the following procedure :-

- a) A drug procurement committee shall be constituted centrally at the Directorate level consisting of all the specialists to list out the specialist drugs, surgical items, consumable and **other than patented / proprietary / closed system in nature**, which are not included in Employees State Insurance Rate contract list. The Committee so constituted shall approve the list of items as required by the dispensaries / hospitals in the State:

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- b) The items enlisted so shall be processed through an open tender system by way of e-procurement with the technical assistance of APTS duly following the existing the guidelines laid down for the purpose of inviting competitive bids and finalization of the same;
  - c) A tender scrutiny committee shall be constituted to identify the bidders through pre-bid process to assist the Director of Insurance Medical Services;
  - d) Finally a contract valid for one year may be entered into by Director of Insurance Medical Services with the successful bidders for select items.
  - e) The vendor list with rates and items shall be circulated to all the Joint Directors / Medical Superintendents / Civil Surgeon Specialist and I/c. Employee State Insurance Diagnostic Centres to purchase the non-rate contract items under a copy to the State Medical Commission / Director General of Employee State Insurance Corporation for inclusion under Rate Contract list subsequently.
  - f) Non-Rate Contract items enlisted shall be reviewed periodically for further additions / deletions by the drug procurement committee once in a quarter and also oversee the supply details by the approved suppliers and bring to the notice of higher ups aberrations, if any, in the indents placed by the unit officers and supplies made promptly.
  - g) The patent / proprietary and closed items in nature shall be procured following the guidelines of Employee State Insurance Corporation, New Delhi, after duly assessing the requirement.
- 8) Accordingly, the Drug Procurement Committee, as proposed by the Director of Insurance Medical Services is constituted with the technical / professionals consisting of the following members to advice the Director of Insurance Medical Services, Hyderabad : -
- |   |    |        |
|---|----|--------|
| 1) Civil Surgeon Specialist(General Medicine)           | -- | Member |
| 2) Civil Surgeon Specialist (General Surgery)           | -- | Member |
| 3) Civil Surgeon Specialist(Obst. &Gynaec.)             | -- | Member |
| 4) Civil Surgeon Specialist(Anesthesia)                 | -- | Member |
| 5) Civil Surgeon Specialist (Dermatology)               | -- | Member |
| 6) Civil Surgeon Specialist(Ophthalmology)              | -- | Member |
| 7) Civil Surgeon Specialist (Psychiatrist)              | -- | Member |
| 8) Civil Surgeon Specialist(Orthopaedics)               | -- | Member |
| 9) Any other profession to be opted as per Requirement. | -- | Member |

The Joint Director (F.W), O/o. the Director of Insurance Medical Services, Hyderabad shall convene the meeting of Drug Procurement Committee from time to time.

9. The Tender Scrutiny Committee is also constituted as suggested by the DIMS, with the following members to finalise the open tender system for all non-rate contract items by means of e-procurement through APTS based on the items approved by the Drug Procurement Committee:-

- |   |    |           |
|---|----|-----------|
| 1) Director, Insurance Medical Services, AP, Hyd.                       | -- | Chairman  |
| 2) Addl.Secretary / Joint Secretary /<br>Dy.Secretary, LET&F(IMS)Deptt. | -- | Member    |
| 3) One of the Medical Superintendents (by rotation)                     | -- | Member    |
| 4) One of the Joint Directors (by rotation)                             | -- | Member    |
| 5) Joint Director (F.W), O/o. Director, IMS,Hyd.                        | -- | Convener. |

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The Assistant Director (Stores), L.S.T. Grade-I, Pharmacist of O/o. the Director of Insurance Medical Services, Hyderabad shall assist the Tender Scrutiny Committee in the process.

10. Needless to add that Items listed under rate Contract by the Employee State Insurance Corporation, New Delhi, as applicable to Employee State Insurance Hospitals all over the country are to be preferred always. Rarest among the rare cases, the procurement under non- Rate Contract items shall be resorted to aid the I.Ps. Generic Medicines shall be indented in the case of non- supply of items by the approved agencies under rate contract list duly following the procedure laid down by the State/ Central Governments for the purpose. **In emergencies and to meet requirement of life saving drugs**, the Medical Superintendents of Hospitals are authorized to procure the same locally with financial powers not exceeding Rs.25,000/- for Employee State Insurance Hospital Sanathnagar considering concentration of I.PS in and around and Rs.10,000/- for other Hospitals. The I/c Medical Officers shall procure medicines upto Rs.1,000/- whenever need arises as a measure of precaution and preparedness under due intimation to the Director of Insurance Medical Services and seek his ratification subsequently. The Director, Insurance Medical Services, shall accordingly work-out the modalities and monitor the expenditure at regular fortnightly intervals.

11. The Incharge Medical Officers of dispensaries and the Medical Superintendents of hospitals and Incharge Civil Surgeons of Diagnostic Centres shall submit the quarterly statements indicating unit wise purchase of Rate Contract and non R.C. items to the DIMS indicating the stock position (item-wise) for scrutiny and confirmation. The DIMS shall devise a suitable review & monitoring format to this end and keep the Government informed abberations or deviations, if any, in the process besides initiating disciplinary action promptly.

12. Director, Insurance Medical Services, AP, Hyderabad shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

D.SREENIVASULU  
PRINCIPAL SECRETARY TO GOVERNMENT

To  
The Director, Insurance Medical Services, AP, Hyderabad.  
All the Committee Members through Director of Insurance Medical Services  
AP, Hyderabad

Copy to:

The Regional Director, ESIC, Hyderabad.  
The State Medical Commissioner, ESIC, Hyderabad.  
The Director General, ESI Corporation, New Delhi (With best compliments / for  
favour of information and guidance).  
The P.S. to M (LETF & B & ITIs)  
The PS to Principal Secretary to Government

//FORWARDED ::BY ORDER//

SECTION OFFICER